

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 7789

Petition of the Town of Stowe Electric Department)
pursuant to 30 V.S.A. § 108(c) for Approval to)
Finance the purchase of a Bucket Truck)

Order entered: 10/13/2011

I. INTRODUCTION

On July 19, 2011, the Town of Stowe Electric Department ("Stowe") filed a petition (the "Petition") with the Vermont Public Service Board ("Board") for approval pursuant to 30 V.S.A. § 108(c) to finance the purchase of a new bucket truck to replace an older model that has reached the end of its economically useful life. Stowe seeks approval to finance the purchase of the truck with a five-year bank loan through Union Bank in the amount of \$185,000. The Petition was supported by the prefiled testimony of Patrick Householder, Controller for Stowe, and by accompanying exhibits.

On August 25, 2011, the Clerk of the Board issued a memorandum informing Stowe that additional information on the rate-impact of the financing was needed in order to complete the review of the Petition.

On September 23, 2011, Stowe filed the additional information.

On October 12, 2011, the Department of Public Service ("DPS") filed a letter with attached Determination Under 30 V.S.A. § 202(f) to the Board recommending that the Board approve the Petition without hearing and finding that the issuance of long-term debt as set forth in the Petition is consistent with the *Vermont Electric Plan* pursuant to 30 V.S.A. § 202(f).

On October 7, 2011, the DPS submitted a letter to the Board stating that it believes that the Petition is consistent with the general good of the state, and is recommending approval of the Petition without a hearing.

The parties have waived the opportunity for review of the Proposal for Decision, briefing, and oral argument, in accordance with 3 V.S.A. § 811.

I have reviewed the Petition, and the supporting documents. I conclude that approval of Stowe's Petition pursuant to 30 V.S.A. § 108(c) is appropriate and that such approval may occur without hearing. Based upon the evidence of record and the exhibits presented in this docket, and the DPS letters of October 7 and 12, 2011, I hereby report the following findings and conclusion to the Board in accordance with 30 V.S.A. § 8.

II. FINDINGS

1. Stowe owns a used 2000 Freightliner/Altec bucket truck that Stowe acquired in 2002. The truck has recently experienced various mechanical problems including a cracked engine block and malfunctioning bucket controls. Stowe's assessment of the condition of the vehicle indicates that the truck can no longer be relied upon in emergency situations and that rebuilding the major components would be uneconomic. The truck has been fully depreciated by Stowe. The truck dealer that Stowe is working with has assigned a value to the vehicle of approximately \$5,000. Petition at 1; Householder pf. at 2-3.

2. Stowe has selected a new International cab chassis truck with a Terex aerial bucket to serve as the replacement for the old Freightliner truck. The price of the new truck is not yet final. Stowe estimates the cost to be between \$175,000 and \$185,000 depending on the final configuration of the truck and the outcome of price negotiations with the dealer. Stowe is in receipt of a verbal commitment from Union Bank to finance the truck purchase with a five-year loan at an interest rate of between 2.8% and 2.95%. Householder pf. at 2.

3. Assuming a purchase price for the new truck of \$185,000, and an annual expense of \$39,792 (\$37,000 depreciation expense plus interest expense of \$2,792), Stowe projects the potential rate-impact of the purchase to be approximately 0.36% based on 2010 revenue of \$11 million.¹ Letter of Stowe dated 9/22/11; revised exh. SED-1; exh. SED-2.

4. Due to costs associated with warning a special election, Stowe is considering obtaining voter approval for the truck loan in conjunction with a larger separate bond issuance,

1. Stowe did not project and include annual maintenance costs for the new truck since it expects those costs to be significantly less than what was incurred with the older vehicle. Householder pf. at 3.

both to be warned for a special town vote to take place sometime in November 2011. In the event that the special election is not held in November, Stowe intends to hold the vote in March of 2012 in connection with the annual town meeting. If the vote is held in March, Stowe proposes to temporarily finance the truck purchase out of its available working capital, to be replenished with the proceeds from the bank loan. Stowe projects that it will have sufficient working capital to meet this need and that the temporary outlay of capital will pose no risk to Stowe's financial position. Householder pf. at 3-4; exh. SED-2.

III. DISCUSSION & CONCLUSION

Based upon the foregoing and the evidence in the record, I find that Stowe's Petition as described above will be consistent with the general good of the State. I therefore recommend that the Board approve the Petition and authorize the financing without hearing.

The parties have waived their rights to file exceptions and present arguments under 3 V.S.A. § 811. Therefore, the proposal for decision has not been served on the parties.

Dated at Montpelier, Vermont this 12th day of October, 2011.

s/Jay E. Dudley
Jay E. Dudley
Hearing Officer

IV. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. The findings, conclusion and recommendation of the Hearing Officer are adopted.
2. The request for financing as set forth in the Town of Stowe Electric Department's ("Stowe") Petition in this docket, and as described in the Findings is consistent with the general good of the State of Vermont.
3. Pursuant to 30 V.S.A. § 108(c), consent is hereby given to Stowe to finance the purchase of a new International cab chassis truck with a Terex aerial bucket in an amount equal to the final purchase price of the truck (after deducting the trade-in value of the used 2000 Freightliner bucket truck), not to exceed \$185,000, according to terms and rates consistent with the Findings above.
4. This Order does not constitute approval of Stowe's capital structure or of any particular capital or operating expenditure that may be implemented with the proceeds from the issuance of long-term debt contemplated in the Petition in this docket. Nothing in this approval shall preclude the Vermont Department of Public Service ("DPS") or any other party, or the Vermont Public Service Board ("Board"), from reviewing or challenging such expenditures or Stowe's resulting capital structure.
5. Stowe shall inform the Board and the DPS of any material change in the terms and conditions of the financing, if any, prior to closing.
6. Stowe shall provide the Board and the DPS with a complete set of the final executed loan documents.

Dated at Montpelier, Vermont, this 13th day of October, 2011.

<u>s/James Volz</u>)	
)	PUBLIC SERVICE
)	
<u>s/David C. Coen</u>)	BOARD
)	
)	OF VERMONT
<u>s/John D. Burke</u>)	

OFFICE OF THE CLERK

FILED: October 13, 2011

ATTEST: s/Judith C. Whitney
Deputy Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@state.vt.us)

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.